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ISSUE BRIEF

# LIFT THE CAP

WHY NEW YORK CITY NEEDS  
MORE CHARTER SCHOOLS

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## Executive Summary

Charter schools have become a significant part of the education sector in New York City since enabling legislation was passed in 1999. They now educate 123,000 students, or 10% of all public school students in the city, in 236 schools.<sup>1</sup>

Minority students from impoverished families benefit most from New York City's charter schools, which offer strong academics and the prospect of upward mobility. Over 80% of charter students are low-income, and 91% are African-American or Hispanic.<sup>2</sup>

The state law that allows the creation and funding of charter schools limits the number of charters that can be operated in the city and state. New York City is fast approaching the current cap, with only seven slots remaining for new charters. Unless the state legislature raises or eliminates the cap, the creation of new charter schools in the city will cease once the seven slots are filled.

Governor Andrew Cuomo's 2019 State of the State message was silent on this issue,<sup>3</sup> while New York mayor Bill de Blasio and New York City schools chancellor Richard Carranza have previously said that they believe that there are already enough charter schools in the city.<sup>4</sup> This paper offers a snapshot of past empirical research on New York City charter schools; it discusses results from the 2018 statewide tests in math and English language arts (ELA); and it explains why the success of charters has not come at the expense of traditional public ("district") schools.





# NYC Charters Outperform Other Public Schools

Public school students in New York, including charter students, take the annual Grades 3–8 English Language Arts and Mathematics Tests: a score of 1 is considered “basic,” a score of 2 is “basic proficient,” a score of 3 is “proficient,” and a score of 4 is “exceedingly proficient.” On the 2018 exams, the percentage of New York City charter students who scored proficient or better exceeded the average for all other public schools in the state by 12.8 percentage points in ELA and by 15.8 percentage points in math (**Figure 1**).<sup>5</sup>

The academic advantage provided by the city’s charter schools is even more pronounced when compared with other urban public school districts in the state. For example, proficiency rates for New York City charters in ELA and math were about three times that of public schools in Buffalo, Rochester, Yonkers, and Syracuse *combined*.<sup>6</sup> Rigorous statistical analyses of the performance of New York City charters, as summarized in a 2018 Manhattan Institute report, similarly found: “Students who attend a New York City charter instead of a traditional public school do much better on math tests and somewhat better on English language arts (ELA) tests.”<sup>7</sup>

Black and Hispanic students, in particular, benefit enormously from the city’s robust charter sector. In math, the proficiency rate for black students in New York City charters is 34.1 percentage points higher than that of black students in all other public schools in the state; in ELA, the former enjoy a 26.4-percentage-point advantage.

**FIGURE 1.**

## Percentage of Students Scoring “Proficient” or “Exceedingly Proficient” on Grades 3–8 ELA and Math Tests, 2018

	New York City Charters	All Other Public Schools in New York State
<b>English Language Arts</b>		
All Students	57.3	44.5
Black Students	57.0	30.6
Hispanic Students	54.5	33.8
<b>Math</b>		
All Students	59.5	43.7
Black Students	58.6	24.5
Hispanic Students	56.9	30.1

Source: Author’s calculations from New York State Education Department, “2017–18 3–8 Assessment Database”

**FIGURE 2.**

## Percentage of Students Scoring “Exceedingly Proficient” on Grades 3–8 ELA and Math Tests, 2018

	New York City Charters	All Other Public Schools in New York State
<b>English Language Arts</b>		
All Students	19.6	16.1
Black Students	18.9	8.6
Hispanic Students	17.7	9.6
<b>Math</b>		
All Students	33.1	19.3
Black Students	32.3	8.3
Hispanic Students	30.0	10.7

Source: Author’s calculations from New York State Education Department, “2017–18 3–8 Assessment Database”

Meanwhile, Hispanic students in New York City charters outperformed Hispanic students in all other public schools in the state by 20.7 percentage points in ELA and by 26.8 percentage points in math.<sup>8</sup>

A similar pattern exists when comparing students who scored “extremely proficient.” New York City charters averaged a higher percentage of students who were extremely proficient, in both ELA and math, than did other public schools in the state. Black charter students in the city, for example, were about four times as likely (32.3% vs. 8.3%) to be extremely proficient in math than were black students at other public schools in the state (**Figure 2**). Indeed, more than 40% of all black students deemed to be extremely proficient in the state attended a New York City charter school in 2018.<sup>9</sup>

## NYC Charters Do Not Succeed at the Expense of District Schools

“Competition from New York City charter schools has either no effect, or a positive effect,” concluded the 2018 Manhattan Institute report, “on the performance of students in the nearby traditional public schools.”<sup>10</sup> In a comprehensive statistical analysis of New York City charters, Sarah Cordes of Temple University similarly found that the success of charters has not come at the expense of district schools: “Students whose [district] schools are near charters do better, and the closer the charter school is, the better these [district school] students do.”<sup>11</sup> There is plenty of other evidence, too, that the net effect of New York City charters on district schools is positive.

### *District schools have improved significantly as charters have spread*

For decades, New York City district schools suffered below-average performance compared with public schools in the rest of the state. In 2006 (the earliest year for which data comparable with the current data are available), the city’s district school performance was 11 percentage points below the state average in ELA and 9 percentage points below the average in math.<sup>12</sup>

However, in 2018, the city’s district schools scored 2 percentage points higher than the rest of the state in ELA and 1 percentage point lower in math. This improvement relative to the rest of the state occurred during years in which enrollment in charters in the city increased by more than 107,000 students.<sup>13</sup>

### *Charters are not starving district schools of funding*

From 2007 to the present, charter enrollment in the city has grown by more than 107,000 students. In the same period, the New York City Department of Education’s (DOE) budget has grown by \$10.1 billion, with charters accounting for \$1.9 billion of that increase.<sup>14</sup> Even after filtering pass-through payments for privately provided special education and other private providers, DOE’s budget for its own operations (i.e., district schools) is now \$7.5 billion—or 52%—larger than in 2007, when district school enrollment was 13,066 students greater than today.<sup>15</sup> This is not consistent with the narrative that charter growth is financially harming the city’s district schools.

### *Charters are not starving district schools of students*

Between 2006–07 and 2015–16, enrollment in charters in the city grew by nearly 80,000 students, but enrollment in district schools declined by only 3,283 students.<sup>16</sup> Clearly, every charter enrollee is *not* a student who otherwise would have attended a district school. (In the same period, Catholic school enrollment in the city declined by more than 40,000 students.)<sup>17</sup>

### *Charters receive less funding per pupil than district schools*

Tuition payments for charter schools vary across the state and are set by the state legislature. For the current school year, New York City charters are allocated \$16,307 per pupil—which totals \$2.1 billion in the current year’s budget.<sup>18</sup>

According to New York City’s Independent Budget Office, charters colocated within DOE buildings in 2016–17 received \$1,145 less per pupil than district schools (a figure that accounts for the value of the free tenancy that DOE provided).<sup>19</sup> Charters that were housed in, and paid for, private space received \$4,863 less in public funding per pupil. (The few charters that received public rental assistance received \$2,057 less per pupil.)

### *Charters don’t “cream-skim” students*

Numerous empirical studies have debunked the myth that New York City charters succeed because they recruit the best students.<sup>20</sup> By law, charters must admit students through a lottery from among all who apply—charters thus cannot select students. There is also little evidence that New York City charters attract applications from better students. Sarah Cordes, for example, found “no significant changes in school demographics at [New York City] district schools after charter entry that might explain improved student performance.”<sup>21</sup> Nor is there evidence to support the assertion that charters flourish by pushing out weaker students: attrition from charter schools in New York City is *lower* than in neighboring district schools.<sup>22</sup>

## Conclusion

New York City’s charter schools offer academic success—and the prospect of social mobility—for some of the city’s most impoverished students. The same cannot be said of many of the city’s traditional public schools. The spread of charters has not hindered the improvement of district schools, either. On the contrary, empirical research suggests that, where charters have had any effect on district schools, it has been as a spur to progress. As legislators debate the future of New York City’s charter cap, these are the facts that merit close attention.



## Endnotes

- <sup>1</sup> New York City Charter School Center, “NYC Charter School Facts, 2018–2019.”
- <sup>2</sup> Ibid.
- <sup>3</sup> New York State, “2019 State of the State & Budget Address.”
- <sup>4</sup> Philissa Cramer, “11 Charter Schools Get Permission to Open in New York, Bringing the City Closer to the Legal Limit,” Chalkbeat, Oct. 4, 2018.
- <sup>5</sup> Author’s calculations from New York State Education Department, “2017–18 3–8 Assessment Database.”
- <sup>6</sup> For ELA, 57.3% vs. 19.7%; for math, 59.5% vs. 19.2%.
- <sup>7</sup> Marcus A. Winters, “New York City’s Charter Schools: What the Research Shows,” Manhattan Institute, Feb. 28, 2018.
- <sup>8</sup> Author’s calculations from New York State Education Department, “2017–18 3–8 Assessment Database.”
- <sup>9</sup> Ibid.
- <sup>10</sup> Winters, “New York City’s Charter Schools.”
- <sup>11</sup> Sarah A. Cordes, “Charters and the Common Good: The Spillover Effects of Charter Schools in New York City,” *Education Next* 18, no. 2 (2018).
- <sup>12</sup> New York City Independent Budget Office (IBO), “New York State Student Achievement Test Results: New York City Public Schools No Longer Lag Rest of the State,” February 2016.
- <sup>13</sup> IBO, “Student Demographics: School Enrollment Trends”; and New York City Charter School Center, “NYC Charter School Facts, 2018–2019.”
- <sup>14</sup> City of New York, “Expense, Revenue, Contract: Adopted Budget—Fiscal Year 2008”; and City of New York, “Expense, Revenue, Contract: Adopted Budget—Fiscal Year 2019.”
- <sup>15</sup> \$5 billion of that increase is related to the rising costs of employees, including salaries and fringe benefits.
- <sup>16</sup> IBO, “Student Demographics.”
- <sup>17</sup> Author’s calculations from New York State Education Department, “Nonpublic Enrollment 2000–01 to 2017–18.”
- <sup>18</sup> City of New York, “Expense, Revenue, Contract: Adopted Budget—Fiscal Year 2019.”
- <sup>19</sup> IBO, “With State Formula for Charter School Funding Likely to Change, City Costs to Grow More than Budgeted,” March 2017. The IBO methodology accounts for the annual cost of debt service, utilities, and other building-related costs on a per-pupil basis and assigns the same per-pupil amount to charter schools and district schools that share a building.
- <sup>20</sup> See, e.g., Winters, “New York City’s Charter Schools.”
- <sup>21</sup> Cordes, “Charters and the Common Good.”
- <sup>22</sup> See, e.g., IBO, “Updated with an Additional Year of Data: Comparing Student Attrition Rates at Charter Schools and Nearby Traditional Public Schools,” January 2015; and Marcus A. Winters, Grant Clayton, and Dick M. Carpenter II, “Are Low-Performing Students More Likely to Exit Charter Schools? Evidence from New York City and Denver, Colorado,” *Economics of Education Review* 56 (2017): 110–17.

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